

PUBLIC DISCLOSURE

April 14, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ALPHA CREDIT UNION

**ONE DEACONESS ROAD
BOSTON, MASSACHUSETTS 02215**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MASSACHUSETTS 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
--

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **ALPHA CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **April 14, 2008**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"

The assessment of Alpha Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

According to CRA regulations, an institution shall delineate one or more assessment areas of which the institution will serve to meet the credit needs and by which the Division will evaluate the institution's CRA performance. On May 16, 1997, the state CRA regulation 209 CMR 46.00 became effective. Credit unions whose membership by-laws provisions are not based upon residence were now permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted; as such an analysis would not be meaningful. Therefore, this evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

Shares from the membership are returned to members in the form of automobile loans and personal loans. Loan-to-share ratios meet the standards for satisfactory performance for an institution of its size and capacity. The distribution of loans to borrowers of different incomes exceeds standards for satisfactory performance due to the excellent percentage of loans to low and moderate-income members.

The Review of Complaints and Fair Lending section indicates that the Credit Union has made reasonable efforts in attracting all applicants within its membership.

PERFORMANCE CONTEXT

Description of Institution

Alpha Credit Union is state-chartered credit union serving the employees and retirees of Beth Israel Deaconess Medical Center (BIDMC), Joslin Diabetes Center and Lahey Clinic Medical Center.

As of December 31, 2007, the institution had total assets of \$12,582,102 with total loans of \$5,234,378 or 41.6 percent of total assets. Auto loans represented the majority (67.0 percent) of the Credit Union's loan portfolio with a total dollar volume of \$3,506,708. The following table provides a breakdown of the Credit Union's loan portfolio as of December 31, 2007.

Loan Type	Loan Amount	Percentage
New Auto	\$1,917,253	36.6%
Used Auto	\$1,589,455	30.4%
Unsecured Consumer	\$1,346,224	25.7%
All Other	\$381,446	7.3%
Total	\$5,234,378	100.0%

The Credit Union has one office location, which is located at BIDMC in Boston. Office hours of the Credit Union are Monday-Friday 9:30am to 3:30pm and every third Friday of each month at Lahey Clinic in Peabody from 1:30pm to 4:30pm. The Credit Union has three different ATM locations, Boston (BIDMC), Peabody (Lahey Clinic), and Needham (Beth Israel Deaconess Hospital). The Credit Union originates new and used automobile loans, unsecured personal loans and share-secured personal loans.

The Credit Union was last examined for compliance with the CRA by the Division on October 10, 2001. That examination resulted in a "High Satisfactory" rating.

Description of Assessment Area

According to the Massachusetts CRA regulation, 209 CMR 46.41, a credit union whose assessment area is not based on residence may delineate its membership as its assessment area.

Alpha Credit Union's by-laws state that "membership is limited to those employed or formerly employed by the New England Deaconess Hospital Corporation, Joslin Diabetes Center, Lahey Clinic Medical Center and their parent or subsidiary entities and other entities related thereto via common control and/or services related affiliation. Persons not so eligible to membership shall have joint accounts with other members of the Credit Union for the purpose of deposit and withdrawals only." The Credit Union's current membership totals 4,100 individuals.

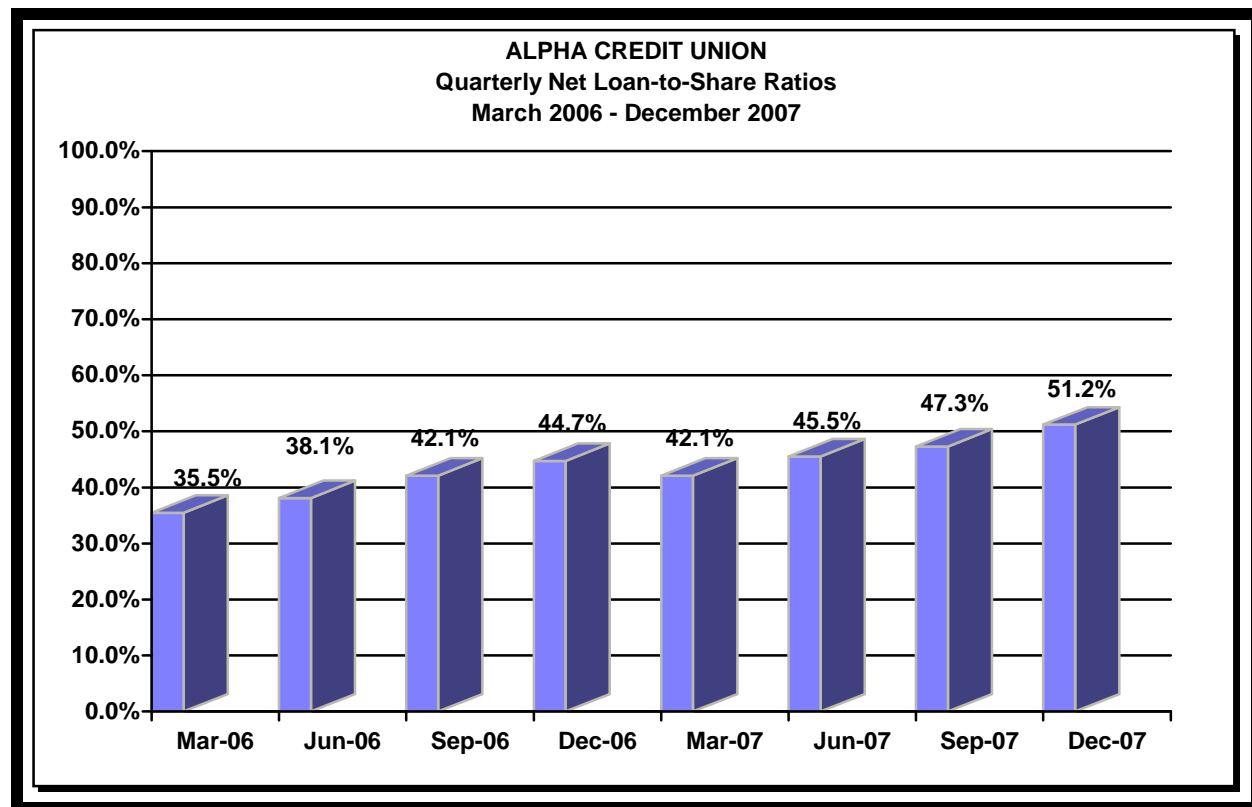
PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of the membership, the analysis of the Credit Union's net loan-to-share ratio indicates that the Credit Union meets the standards for satisfactory performance.

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of Alpha Credit Union's net loan-to-share ratio was performed; the calculation incorporated the latest eight quarterly periods utilizing the total net loan to total share figures from the National Credit Union Administration ("NCUA") 5300 reports. The institution's average net loan-to-share ratio during this period was determined to be 43.1 percent which is reasonable given the Credit Union's asset size, resources, competition, lending strategy and the credit needs of its membership. The highest net loan-to-share ratio for the time period was 51.2 percent as of December 31, 2007 while the lowest was 35.5 percent as of March 31, 2006.

The following graph illustrates the loan to share trends.



Source: NCUA Call Reports

Based on the above information and Alpha Credit Union's capacity to lend, its asset size, the types of loans available, its limited resources and lending strategy, the Credit Union's loan to deposit ratio meets the standards for satisfactory performance.

PERFORMANCE CRITERIA (CONTINUED)

2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVEL

The Credit Union's lending, based upon the analysis of consumer loans by borrower income, exceeds the standards for satisfactory performance in providing credit to members of all income levels.

A sample of the Credit Union's consumer loan data for calendar years 2006 and 2007 was analyzed in order to determine the distribution of credit based upon the income level of borrowers. The loan sample consisted of unsecured personal loans and new and used automobile loans. The borrower income analysis was based on the median family incomes for the Boston-Quincy Metropolitan Statistical Area (MSA) for 2006 and 2007 which was \$77,700 and \$76,900, respectively; the Cambridge-Newton-Framingham MSA for 2006 and 2007 which was \$90,900 and \$88,900, respectively; and Essex County MSA for 2006 and 2007 which was \$78,200 and \$77,200, respectively.

The four income categories that define the income level of borrowers include low-, moderate-, middle- and upper-income. The analysis of borrower income level was identified as the ratio of borrower income to the Median Family Income for the MSA.

As defined by the U.S. Department of Housing and Urban Development (HUD) Low-income is defined as income level or area that earns less than 50 percent of the MSA median family income. Moderate-income is defined as the income level or area that earns 50 percent to less than 80 percent of the median family income for the MSA. Middle-income is defined as the income level or area that earns 80 percent to less than 120 percent of the MSA's median family income. Upper-income is defined as income level that is equal to or greater than 120 percent of the MSA's median family income.

A review of twenty consumer loan files from 2006 and 2007 was conducted to determine the borrower's income level. Of the 20 files reviewed, 10 or 50 percent were granted to low-income members, 5 or 25 percent were granted to moderate-income members, 2 or 10 percent were granted to middle-income members, and 3 or 15 percent were granted to upper-income members. It should be noted that the majority of consumer loans were granted to single applicants. However, the income index used to evaluate these loans is based on median family income and can skew these percentages. Nevertheless, it appears that the Credit Union's lending is very well distributed among various income levels, including low- and moderate-income members.

PERFORMANCE CRITERIA (CONTINUED)

3. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

Review of Complaints

There was no indication that the Credit Union received any complaints pertaining to its CRA performance since the previous examination. If such complaints or comments are received, however, management is encouraged to record the date of these correspondences.

Fair Lending Policies and Practices

The Credit Union's fair lending policies and practices are considered satisfactory. No practices that would result in disparate treatment were noted.

Alpha Credit Union provides credit counseling and guidance to members whose credit ratings have been damaged. The Credit Union works with these members to help them work out delinquent debt and has originated consolidation loans for members whose debt with other institutions has become delinquent or are in default. The Credit Union also works with these individuals to ensure that their new loan is kept current.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at One Deaconess Road, Boston, Massachusetts 02215."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.